

December 31, 2005

The Honorable Thomas J. Vilsack
Governor, State of Iowa
State Capitol
Des Moines, Iowa 50319

Dear Governor Vilsack:

On behalf of the Iowa Telecommunications and Technology Commission, I am submitting to you the 2005 Annual Report of the Iowa Communications Network.

In fiscal year 2005, the ICN helped make history by enabling a young woman to be sworn in as an Iowa lawyer while stationed in Iraq. The network welcomed five new educational sites into operation and began a concerted effort to move into the world of Internet Protocol (IP) videoconferencing. This move will create even more opportunities for schools, government agencies, legal/health professionals and other authorized users to benefit from the advantages of using the ICN by reducing travel costs, increasing productivity, and allowing more accessibility to videoconferencing.

We're pleased to provide the 2005 Annual Report for your review and trust you will agree that the ICN remains a valuable asset to Iowans. In 2006 the Commission and ICN staff will carry on with the mission of making Iowa the premier place to learn and grow, as we continue to connect Iowans to the world.

Sincerely,

Betsy Brandsgard
Chair
Iowa Telecommunications and Technology Commission

ICN Mission and Vision Statements

Our mission is to provide authorized users the highest quality and technically advanced educational, medical, judicial, and governmental telecommunications services.

Our vision is to improve the quality of life for lowans through advanced telecommunications services to authorized users in education, government, justice, and medicine by providing, at a reasonable cost, equal access to a state-of-the-art technology.

The ICN is a statewide, fiber optic network connecting all 99 counties in Iowa to the world. The ICN links schools, hospitals, state and federal government agencies, public defense armories, libraries, and higher education institutions using full-motion video, high-speed Internet connections, data, and voice services.



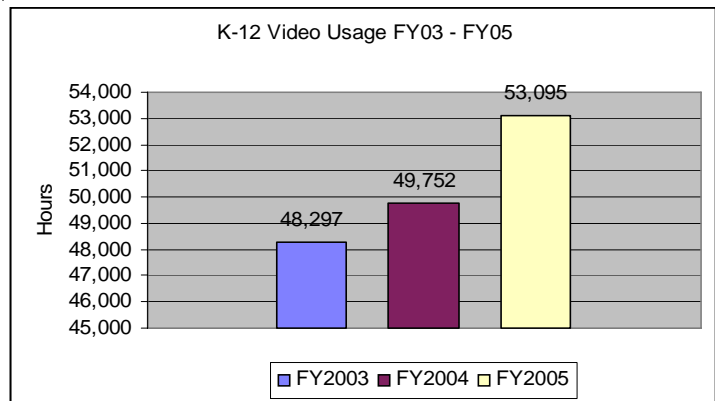
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A Unique Education Resource

Almost 68,000 students from across Iowa were connected during the course of the school year in a variety of sessions offered by Iowa Public Television. K-12 Connections programming creates unique opportunities for public, private and home-schooled students, child care providers and children, teachers and staff to participate in free video conferences via the ICN. Students roamed with the dinosaurs, talked with astronauts who were underwater, discovered opera, visited the U.S. Holocaust museum in Washington D.C., and traveled Iowa's Underground Railroad.

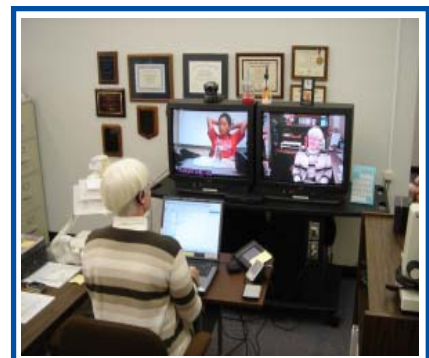
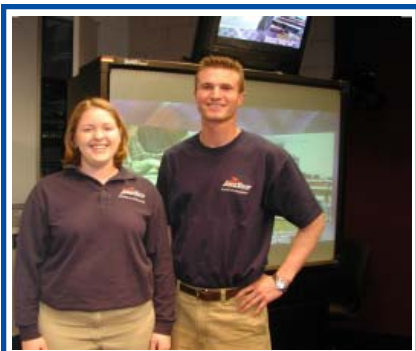
Almost 600 students broadened their educational horizons by taking high school and college credit classes through class sharing, Iowa Learning Online (ILO), the Iowa AP Online Academy, and many of Iowa's community colleges and higher education institutions. That number is expected to grow as more schools think outside the box to offer their students the rigorous courses needed to prepare their students.



ICN usage encompasses all education-related audiences. Extracurricular activity sponsors and coaches are able to devote more time to students and save districts money by holding meetings over the ICN to organize events, such as speech contests and sports schedules. Facilities and food service staff learn how to make schools safer in sessions about identification and disposal of hazardous chemicals, developing nutrition plans, and food safety. Hundreds of educators participated in professional development or furthered their education over the ICN in FY05.

"For nearly eight years our students have used the ICN for college classes through Northwest Iowa Community College in Sheldon. Every year the numbers increase—this year to 27 individuals and seven different classes. Several will have enough credits to be considered a second semester freshman next fall at college. ICN has dramatically changed the look at our high school—we are thankful for the great service we have to keep our ICN room running smoothly."

Renea Ogren
Guidance Counselor
Marcus-Meriden-Cleghorn High School



STUDENTS AND EDUCATORS SPEAK OUT

"East Greene has used our ICN room the past few years to share French classes with Jefferson-Scranton. This year the ICN room is busy from 9 am until 3 pm. We have fifteen students taking three different classes through Iowa Central Community College. This is the first year ICCC has done this for us and, if more schools are interested, this is a great opportunity for our high school students to get a head-start on their college careers. Please use our situation as an example of how useful the ICN is. Hopefully more high schools will join in."

Ann Walsh-Stueckradt
Counseling/Language Arts/Speech
East Greene High School

"Taking the ICN class was a great experience. It helps schools that don't have those programs offer more classes. You also meet other people. We went to Seymour every month and bonded with our fellow classmates. Mrs. Hendren did a wonderful job teaching both Accounting and Intro to Business."

Wayne High School student

"This was our first experience with the ICN and we had a blast! Thanks for the opportunity to see other classes of Iowa kids and to learn about topics we study. With the crunch on, and limited fieldtrips a school can go on, these ICN sessions will be our fieldtrips of the future!"

Corriene Culver, Winfield-Mt. Union Schools



"The students really like the interactive sessions. I teach science, can no longer afford field trips, and have limited equipment..."

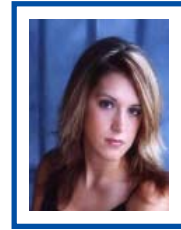
Aplington-Parkersburg teacher regarding IPTV K-12 Connections programming

IMPORTANCE OF ICN CLASSES AT S-F HS

By Sumner-Fredericksburg 2004 graduate Ashley Smith

(Reprinted with permission from the Sumner Gazette/Fredericksburg Review and S-FHS publications class)

ICN classes offer plenty of opportunities for students across Iowa. Sumner –Fredericksburg students are part of this network. Twelve ICN courses are offered to S-FHS students. These classes are offered from both Hawkeye Community College and Northeast Iowa community College.



There are plenty of reasons why students choose to take one or more of these courses. Some already know what they are going to study in college. Taking these classes gives them a chance to earn needed credits free of charge. S-FHS covers the cost as long as those enrolled pass the course.

Another plus is that for some of the classes, students can earn double credit. Successful completion of the course results in credits being awarded at the college level, and students can opt to have the grade included in their GPA so it can count for credit in high school as well.

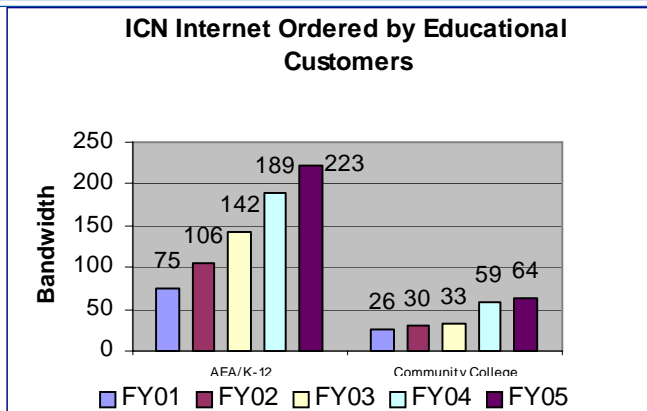
The courses can also be taken without including them as high school credits. This option allows students to enroll in college level courses without endangering their high school GPA. The one catch is that students must already have thirteen credits from other high school classes, not counting ICN classes, to be able to leave it out of their cumulative GPA.

Students can't just sign up for the classes and expect to be admitted, however. Enrollment is dependent on a high enough ACT or COMPASS score in a certain area to be accepted into the class.

Although the classes may be more challenging, they provide a very good opportunity to S-FHS students. Students should look into taking advantage of this chance for free college education while they can. ICN classes are a wonderful addition to the curriculum at S-FHS.

QUICK FACT - ICN EMBRACES VIDEO OVER IP

In keeping with national trends, the expansion of IP videoconferencing to ICN's menu of services allows the network to continue with its goal of having video services, the mainstay of the ICN, in every Iowa school building. Mobility and integration are key benefits with Video over IP. Travel is eliminated and more students and educators are able to benefit from the advantages of distance learning. Everyone in the district can take part in a videoconference from wherever they are, as long as there is Internet connectivity.



There has been significant growth in the demand for Internet services from the educational community over the last four fiscal years. Total Internet services purchased from the ICN, by the AEAs, K-12 schools and community colleges, have more than tripled since 2001.

HAMBURG HIGH SCHOOL

The sign on the city limits calls it the “Cornerstone of Iowa.” If you miss the Hamburg exit off Interstate 29 (Exit 1) you end up in Missouri. Make a right and five miles down the road you’re in Nebraska.



In a classroom on the second floor of Hamburg High School, Esther Wathen connected with a class from Starmont High School in Arlington, Iowa, six hours and 360 miles away in the opposite corner of the state. She did this daily with teachers and students hundreds of miles away earning high school and college credit in Anatomy and Physiology, American History, and Statistics; classes that were not available to her through the high school but easily accessible over the Iowa Communications Network.

In today’s debates about student preparedness for college, Esther is one of the exceptions to what is perceived as the norm. Although classified as a junior, Esther actually graduated early with the class of 2005. Since her freshman year Esther took ten classes online or over the ICN. Four ICN classes were dual credit through which she earned high school and college credit for each class. Five online classes were through Iowa Learning Online and incorporated the ICN for parts of the classes. These classes were for high school credit only but allowed Esther to take classes not offered at her high school. Esther says earning dual credit is one of the main reasons a student should take ICN classes.

“A student can take something different than what is offered in the regular classroom. They can find something that interests them more,” she adds.

The classes Esther took over the ICN were taught through the Iowa Learning Online program and through Iowa Western Community College. Along with her three ICN classes, she also took four classes in a traditional classroom.

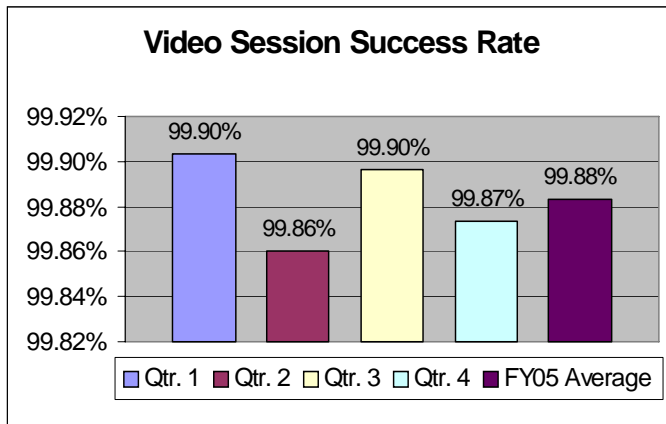
Esther was accepted into the University of Iowa College of Liberal Arts and Sciences and is finishing her first semester as a freshman Hawkeye. She says the classes she took over the ICN did a good job of preparing her for the road ahead.

“I would have to say the thing that I am most grateful for about the ICN was that I now have practically all my Gen Ed’s done and can probably be considered a sophomore in the spring. I am not so sure at this point, but I may even be able to get done with college in 3 years like I did with high school. I will admit that a Division I university is definitely harder than a community college as far as coursework, but the community college still helped me in knowing what professors are like and what they expect.”



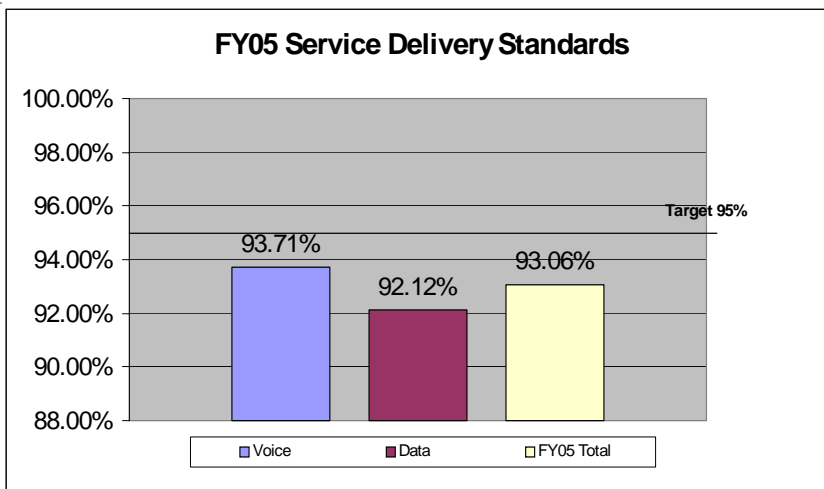
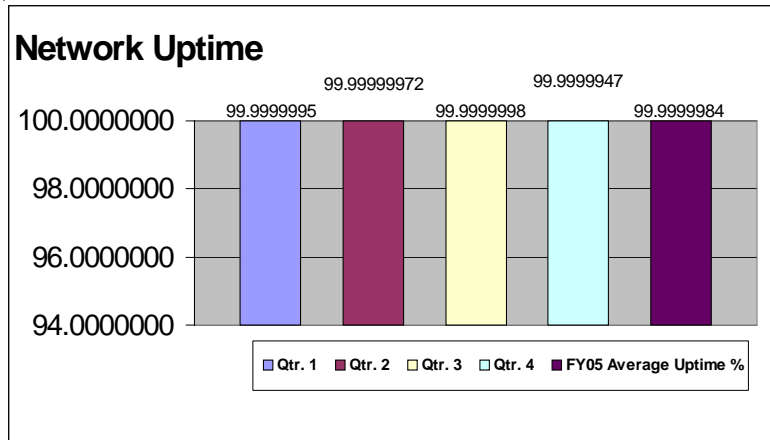
RESULTS IOWA

The ICN provides regular statistics to the Governor’s Office as part of the Results Iowa accountable government initiative. Each state agency sets performance goals and tracks progress to inform Iowans and to help identify challenges and address improvements when needed.



A core function of the ICN is to help provide cost-effective services to provide educational access in Iowa. One measure is the percentage of successful video sessions, which in FY05 was 99.88%. The goal was 99.5%.

The ICN measures the percentage of time the network provides full service to all customers 24 hours a day 7 days a week. In FY 05, the ICN again achieved an average of 99.999% reliability.



The ICN is concerned about customer service. A minimum of 95% is the target rate for meeting or exceeding customer expectations in the delivery of new services.

UNIVERSITY OF IOWA - AN OPPORTUNITY FOR ALL

Autumn brings high school seniors trekking to college campuses for admission visits and college recruiters visiting high schools. However, one state university uses the Iowa Communications Network to make their college admission process more convenient for Iowa teens.

The University of Iowa (UI) takes its message via the ICN to those students who may not be able to personally visit the campus early in the school year. The Hawkeye/ICN High School Visit Program started four years ago with approximately 15 pilot schools selected from western Iowa. The program has grown to over 100 high schools and over 500 students participating in the broadcast-quality, full-motion video visits.



“This program provides live, interactive access to Iowa high school students about the University of Iowa and what it has to offer, which they might not otherwise have the opportunity to receive,” says UI Director of Admission Michael Barron. Likewise the university is able to reach students simultaneously at multiple high schools in the hour-long ICN sessions.

Gathering in their respective high school ICN rooms for the program, students receive a welcome from Barron, watch a multimedia show about the Iowa campus, and receive additional information such as admission requirements, financial aid, and scholarships. There is also a UI student panel that interacts with the high school students.



Barron says the Hawkeye ICN High School Visit Program is a great tool to introduce the student initially to UI and provides a tremendous service to Iowa’s students. The university would still like the student to visit the Iowa City campus, but Barron says the ICN high school visits are the next best thing to an in-person visit.

“We have the ability to get information to students without their making an expensive trip to Iowa City first.”

Shenandoah High School is four and a half hours from Iowa City and one of the schools that has participated in the program for three years. Shenandoah guidance counselor John Davis says his students have responded positively to the program. He says he will have more students sign up for the ICN presentation than he would if the admission counselor came in person to the school.

“I think the biggest benefit is the number and variety of people The University of Iowa can bring into the presentation. I have found college representatives to be very well-versed and very good communicators, but it makes a big difference when you can actually have key staff on the screen to talk about their program and answer questions.”

Davis, president of the Iowa School Counselors Association, says many smaller high schools are losing contact with some colleges because tighter college budgets mean less money for travel. So he sees a big benefit from a program like the Hawkeye/ICN High School Visit for college-bound students in these small schools.

“An Iowa resident in Stanton or Farragut or South Page may never get an opportunity to hear from an admissions rep. Even more so if they happen to live all the way across the state from the college or university.”

Enhancing Medicine and Health Care

Telemedicine is the equivalent of a virtual house call, bringing together the doctor and patient across widely separated areas using two-way video communication. The doctor comes to the patient across the ICN, no matter where the patient is, reducing stress, travel time and costs for the patient. Doctors may attend conferences and keep up-to-date on new medical practices via the ICN, without using valuable office time to travel.

MOTHER AND CHILD REUNION

Separated by distance and life's circumstances for 12 years, a mother and son were reunited over the ICN.

An elderly woman lives in the local nursing home while her disabled son lives in a care facility miles away in a different community. There are no family members to take them to visit each other. Thanks to the creativity and compassion of Iowa social workers, the woman is taken to the local library where she and her son connect by live, videoconferencing from their respective ICN rooms. Because of the accessibility of the ICN the mother and son have been able to see and talk to each other after years of separation. They have had two visits and there are plans for more.

The specifics of the story are not significant. The outcome is.

In its annual report to the Iowa Telecommunications and Technology Commission (ITTC) which oversees the ICN, the Library Network Advisory Committee (LNAC) related this story and others of how Iowa communities use the state network to help meet the educational and emotional needs of their residents. Whether it's sign language classes to enable communication with the deaf, English classes for immigrants, or other educational opportunities for adults or children, Iowa's 50 public libraries that provide videoconferencing will continue to train, inform and offer services to local residents by using the ICN to connect Iowans with loved ones and with the world.



"Just had a chance to read about the elderly lady and her disabled son able to visit via the ICN. I hope you guys realize that many Iowans are proud to contribute to that type of situation....and that many Iowans realize you deliver similar value every day. My compliments on a good deed well done."

TWO WEEKS IN THE ICN LIFE OF...TELEMEDICINE

Training for new nurses at Child Health Specialty Clinics regional centers

The CHSC serves approximately 5,600 young people (including 800 infants and 1,500 preschool children) through regional centers around the state. They regularly use the ICN for staff training and planning meetings.

Geriatric Lecture Series

One installment in a series of monthly continuing education lectures in clinical geriatrics. Sponsored by the Iowa Geriatric Education Center and the University of Iowa Roy J. and Lucille A. Carver College of Medicine to teach important principles in the management of care of older persons.

“Toolbox Training”

Training for entry-level substance abuse counselors preparing for certification exams and providing a brush-up for experienced counselors. Nine sites criss-crossing the state from Davenport to Council Bluffs and Sioux City to Mt. Pleasant, Dubuque, Waterloo, West Des Moines, and Fort Dodge.

Iowa ROC (Resuscitation Outcomes Consortium) Network Education: Trauma Protocol

Iowa has one of 10 new regional clinical centers established throughout the U.S. and Canada that will benefit Iowans by providing participating emergency medical services around the State of Iowa with funding, equipment, and specialized training. Iowa is unique compared to the other ROC sites because of its rural population and the availability of the ICN to reach those rural areas.



Patient Consultation

Eight confidential telemedicine sessions assisting patients around Iowa between University of Iowa Hospitals, regional hospitals, correctional facilities and the Veterans’ Administration Hospitals.



*“I do think the ICN should be continued to be used in this matter for dissemination of information to school nurses. Many school nurses are no longer able to attend state seminars due to budget cutbacks and this would be a solution for many school districts. **We need the ICN.**”*

Feedback from an IPTV ICN session on School Wellness programming

TEAMING UP TO FIGHT DISEASE

In times of epidemics or new disease outbreaks, such as West Nile Virus, the University of Iowa Hygienic Laboratory (UHL) is able to help protect Iowans, control the problem, and identify future risks through use of the ICN. It is the envy of many other public health professionals across the country.

“Laboratorians across the country often inquire about the ICN when they hear about our training programs and I hear many of those people say they wish they had a system in their state to allow such interactive training,” says Beth Hochstedler, Training Coordinator for the UHL.



For over 100 years the UHL, headquartered in Iowa City, has been Iowa’s public health and environmental lab. Hochstedler says the ICN is an integral tool for delivering timely and often urgent information to clinicians and lab professionals around the state and even neighboring states.

“Public health ICN training programs, reaching clinicians across Iowa, cover topics such as West Nile Virus, Influenza Surveillance, Newborn Screening, Infertility Prevention, and Terrorism Response,” says Hochstedler.

With public health workforce shortages and budget restrictions, the network is an asset for training by the UHL. The lab typically uses 15-20 ICN sites spread throughout the state for each training program to minimize travel time for those attending. But Hochstedler says it is reassuring to know that, if they had to, they could reach every Iowa county simultaneously by using the ICN.

“Since we do terrorism response training we have often discussed that in the event of an Iowa emergency, if we needed to reach sentinel laboratories across the state quickly, we could get an ICN site in every county,” said Hochstedler. Fortunately, they haven’t had to do that yet, but consider it an invaluable tool if it’s ever necessary.

The UHL also reaches out to K-12 schools using the ICN. Hochstedler says topics include “Germs Make Me Sick,” “Infections in the School Yard,” and “Public Health – Science in Action.” She says they reach more than 1,000 students each year through these public health classes that are made possible through collaborations between UHL, Iowa Public Television, the University of Iowa Speakers Bureau and the ICN.

Quick Fact

The ICN welcomed the following sites into operation in FY05:

Danville HS

Manning HS (CART system)

Southern Prairie AEA – Ottumwa (second site)

John and Mary Pappajohn Education Center – Des Moines

West Monona HS - Onawa

Two students take part in French class over the ICN, using the new classroom at West Monona HS.



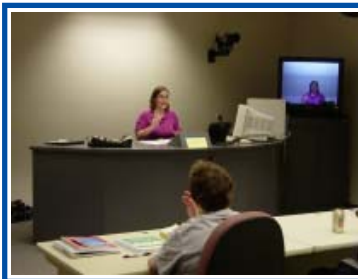
Connecting Iowans

Millions of dollars are saved by state agencies that use the Iowa Communications Network. By using the network for phone conferencing, data transfer, training, workshops, video conferences, and impromptu meetings, there are savings for all involved, from the citizen using the agency services, to the taxpayer, and to the agency itself.

BRIDGING COMMUNICATION BARRIERS

It's a challenge to communicate with a baby and even more so when the baby is hearing-impaired. The Matt and Lisa Schroeder family in Jefferson, Iowa, took on that challenge with the help of the ICN.

Matt and Lisa and their two oldest children took sign language classes over the ICN in order to communicate with their 13-month old child who has varying degrees of hearing loss in both ears. The classes are taught on a regular basis from the Iowa School for the Deaf in Council Bluffs. The Schroeders joined approximately 85 Iowans at 14 other ICN sites one night per week in 2005 to learn sign language.



They said when they first learned of their daughter Amie's hearing loss, they weren't sure what they were going to do.

"In a small town like Jefferson there aren't a lot of options," said Lisa.

The Schroeders learned about the sign language classes

from the Area Education Agency and started the classes at an ICN site in Carroll in October 2004. However that meant 60 miles of driving and extra baby-sitting time and costs for the infant. With the help of the local AEA, the Schroeders were able to have their class site switched to their hometown of Jefferson at the Greene County Medical Center.

Anne McKeown, at the Iowa School for the Deaf, says they receive calls weekly from Iowans wanting to learn sign language. She says having the ICN to reach those people makes a difference.

"We appreciate having the ICN available to address these needs," said McKeown.

The Iowa School for the Deaf (ISD) and the Iowa Lions Foundation hosted free support groups, from April to July, to connect families with the resources and support needed for living with a child's hearing loss.

The pilot project involved four, hour-long, monthly sessions at around 25 ICN sites in the state each time. Cynthia Angerth, Outreach Coordinator for Iowa School for the Deaf, says they started by selecting ICN sites in larger areas and also based on demographic needs.

"We have more sites in rural areas than metropolitan areas" says Angerth.

"This reflects that a need does exist in the rural areas and we are helping to fulfill the need through the ICN.

We even have families from Nebraska who come to their closest Iowa ICN site to benefit from our offering," says Angerth.

USE OF ICN BRINGS NATIONAL RECOGNITION TO STATE AGENCY

Use of the ICN for training won national recognition for the Iowa Finance Authority (IFA).



At the annual conference for the National Council of State Housing Agencies, an award for Technological Innovation was given to the IFA as a result of training they conducted for FirstHome lenders over the ICN. Over 300 lenders in Iowa were trained during a four-hour session in the summer of 2004.

In its nomination the IFA stated it was able to train nearly twice the number of lenders as had been trained the preceding 12 months. They credited ICN technology with adding visual interest and novelty to the training.

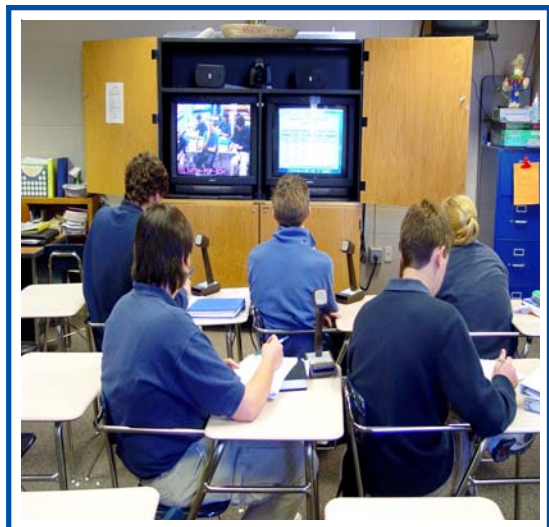
“Participants engaged more fully. The remote locations allowed an experienced lender from a northwest Iowa community to offer insight and advice to a brand new lender in southeast Iowa,” the nomination summary said.

Mickey Carlson, Single Family Program Manager with the IFA, said the IFA “helped to make the dream of home ownership possible for more Iowans by allowing better lender training and participation via the ICN.”

“The ICN is extremely cost effective. The Iowa Finance Authority was able to offer in-depth training to potentially every lender in the state for less than \$800. That is a real deal!” said Carlson.

Quick Fact

Video Sites	Number
K-12 Schools	404
National Guard	54
Community Colleges	109
State Agencies	52
Regent Universities	45
Federal Agencies	21
Independent Colleges/Universities	18
Hospitals	10
AEA's	18
Public Libraries	50
Total	781



Virtual Legalities

Telejustice is the use of two-way interactive video for conducting judicial and quasi-judicial proceedings. Before the ICN was used, a victim would have to travel to a penal institution, go through a rigorous security check, and sit in a room with the inmate and his or her family and friends. By using the ICN, victims can participate from an ICN site near their home, which helps reduce the stress of the process for the victim.

FROM IRAQ TO THE COURTROOM

A Council Bluffs native stationed in Iraq had her dream come to fruition in September 2004, thanks to the Iowa Judicial Branch, the U.S. Army Corps of Engineers and the Iowa Communications Network.

Via video teleconference from the ICN room at the State Judicial Building, Melissa Head, 25, took her professional oath and was sworn in as Iowa's newest lawyer by Supreme Court Justice Michael Streit. Justice Streit had to give special approval to the Corps of Engineers request for this unconventional method of delivering the oath. He told Melissa she should be proud of her accomplishments and that she had distinguished herself with this unique oath ceremony.



“The first lawyer sworn in wearing battle fatigues...a little different than a robe,” said Justice Streit.

Melissa was stationed at Camp Victory in Baghdad with the U.S. Army Corps of Engineers. As a specialist with the Corps, she had signed up to be a member of its volunteer teams managing the reconstruction efforts in Iraq months before taking the exam, but received notification of deployment just days before. She left in August 2004, two weeks after taking the Bar Exam and received the results while in Iraq. Melissa returned to the states in late January 2005.

“It’s amazing what technology can do,” said Melissa’s mom, Karen Head, as she witnessed the ceremony.

“I’d rather have her home to do this, but thanks to Justice Streit and the ICN she didn’t have to wait.”



State-of-the-art ICN technology is used in several state and federal courtrooms in Iowa.

HEARTLAND AEA YOUTHFUL OFFENDER PROGRAM

Words of wisdom were offered to Iowa students through one of two ICN sessions sponsored by the Heartland AEA in conjunction with the Polk County Attorney's Office Youthful Offender Program. The annual telejustice program is designed to bring together middle and high school students to interact with youth who have been charged with one or more felonies.

An eighth grader from Dunkerton asked the panelists how they deal with peer pressure. One offender, who is charged with four Class D felonies, at five years each, for distribution of a controlled substance, said he is able to deal with it. He says when students face peer pressure they just need to focus on what they have and what they can lose, mainly their freedom.

"The minute you think you're untouchable is when you're going to get struck by lightning," he said.



The Youthful Offender Program was initiated in the early 1990's as a way to give youth a second chance to get back on track and not just put them into the prison system. The program involves, among other things, visits to prisons, taking special classes, 200 hours of volunteer work, victim offender classes, restitution to victims, strict curfews and random visits from probation officers. Once they complete the requirements of the program their felony charge may be dropped to a misdemeanor and deferred. If they are unsuccessful in the program they will retain the felony charges and face prison time.

"The ICN has been a valuable tool for school and community personnel to receive training within our community. Law enforcement and health care workers, as well as educators, have used the ICN. Also, graduate level college courses have been taken through the ICN system. The room has also been used by high school staff members for special departmental programs for students, career programs, U of Iowa rep visits and an interactive program on how a bill becomes a law.

People need to stay abreast of all the opportunities that the ICN can provide. Increased curricular offerings, an opportunity to keep students and adults (including community) up-to-date with new information in their career fields, and an excellent medium for students to interact with colleges, financial aid, and numerous other topics."

Gary Strasser
Guidance Counselor
Audubon High School

A Capitol View

Advanced telecommunications services strengthen rural areas. In FY 2005, policy makers urged the ICN and private telecommunications to work together, for the sake of Iowans, to make all of Iowa's telecommunications resources more effective. Democratic and Republican legislators from the Iowa House and Senate proposed a plan to optimize usage of the ICN assets and to meet other objectives including:

- Preserve or enhance educational content carried over the ICN.
- Preserve homeland defense/security services, especially as related to public defense.
- Determine ways to increase use of the ICN.
- Eliminate outstanding debt and future funding to the ICN.
- Accelerate deployment of advanced telecommunications service in rural Iowa.
- Ensure the ICN remains a credible business partner to all current customers.

ICN staff worked with legislators and private telecommunications providers to create an acceptable plan. ICN also conducted an informal research program to learn what other states were doing in this arena.

The bills introduced in the House of Representatives and Senate would have:

- Provided access to private telecommunications providers to use ICN resources to get the required capacity to their communities.
- Provided tools to first responder agencies so they could communicate with each other in time of emergencies.
- Included actions to increase government efficiency including ICN's ability to retain revolving fund interest, costs for connections to schools and libraries, and provide the commission more effective rate setting abilities.



FY05 Legislative Session

Neither of the ICN bills were passed. However, several sections of the bills were addressed in other pieces of legislation and are noteworthy:

- **First responders** – The Code of Iowa was amended to allow city and county support agencies to have limited use of the network for disaster and training through Homeland Security and Emergency Management functions. This is a step towards providing interoperability and provides additional access for training and exercise, but not for day-to-day interoperability requirements.
- **ICN rates** – The Code of Iowa was amended to allow the Iowa Telecommunications and Technology Commission (ITTC) to charge rates based on all network expenses. Prior to the enactment of the amendment, the ITTC was required to base rates on operational costs only.

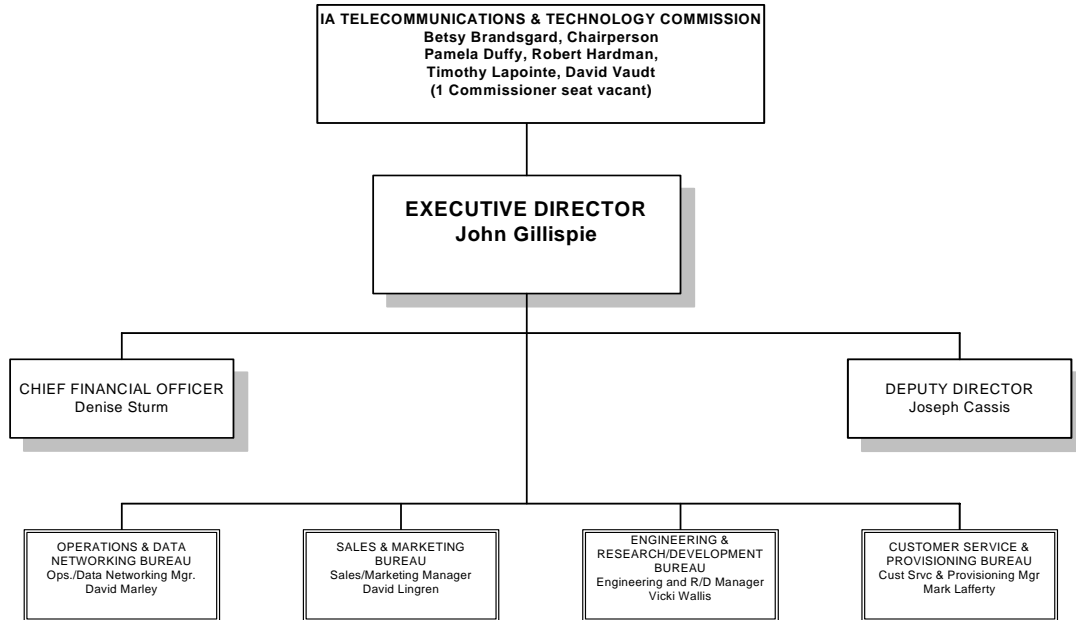
Equipment Appropriation

The legislature appropriated \$1.7 million from the Restricted Capitals Fund for replacement of functionally obsolete equipment. Because Iowans depend on a number of educational and governmental services that are transported on the ICN, it is vital to keep equipment failure minimal. Replacements included equipment for the Capitol Complex local telephone system, backbone video transmission, network routers and completion of a Des Moines fiber ring.

Historically, ICN appropriations have been identified as state support and have been applied against the price of the video service provided to K-12 schools and libraries. This appropriation was kept in line with previous appropriations, allowing the state to be eligible for E-rate discounts up to an estimated \$2.6 million from USF during FY2006.

ICN Organizational Structure

IOWA COMMUNICATIONS NETWORK



IOWA TELECOMMUNICATIONS AND TECHNOLOGY COMMISSION

Mary Elizabeth “Betsy” Brandsgard

Betsy Brandsgard is Chairperson of the ITTC. Ms. Brandsgard holds bachelor and master’s degrees in social work from The University of Iowa. She is the Executive Vice President of Davenport One, which is the combined chamber of commerce, economic development organization and downtown development group in Davenport, Iowa.



Brandsgard has been the co-chair of the Governor’s Strategic Planning Council, and has served on the board of directors of both the Riverboat Development Authority and AIDS Project Quad Cities. She currently serves as a board member with United Way of the Quad Cities and the Quad City Animal Welfare Center. Her term runs through April 2006.

Pamela A. Duffy

Pamela Duffy is Physical Medicine Director for Wellmark Blue Cross Blue Shield of Iowa. She is a Doctoral Candidate in Education, with area of emphasis in Curriculum and Instruction, in the College of Human Sciences, Iowa State University. Her term runs through April 2010.



Professional memberships include the American Physical Therapy Association, American Institute of Parliamentarians, National Institute of Parliamentarians, Health Volunteers Overseas, Gerontology Society of America, and the Iowa Physical Therapy Association. Duffy has served as consultant and advisor for Encompass, Inc., Blue Cross Blue Shield of Iowa, University of Osteopathic Medicine and Health Sciences/Des Moines University, Indian Hills Community College Physical Therapist Assistant Education Program, and the Ankeny Chamber of Commerce Ankeny Leadership Institute. She is a past board member of the

Moingona Girl Scout Council.



Dr. Robert Hardman

Dr. Robert Hardman was appointed by Governor Vilsack to serve on the Iowa Telecommunications and Technology Commission through April 2008. He served on the executive planning committee for the development of the Iowa Communications Network. For more than 20 years he directed the graduate programs in educational technology through the Department of Curriculum and Instruction at UNI. He has delivered numerous national and international workshops and presentations on the use of educational technology and

telecommunications.

He retired in August 1999 as Director, Information Technology Services - Training, at UNI. He has been honored with numerous awards, including: the Career Achievement Award, in recognition of outstanding career contributions in furthering educational technology in Iowa, from the Educational Telecommunications Council; the Distinguished Service Award, in appreciation for the many years of dedicated service to the State of Iowa, from the Iowa Association for Communication Technology; the national Excellence in Teaching and Teacher Education Award presented by the United States Distance Education Association, for contribution in planning and delivering professional development workshops in telecommunications; and the Lamp Lighter Award, the most prestigious award offered by the Iowa Educational Media Association to a member who has made significant contributions to the association and its progress.

Timothy L. Lapointe

Timothy Lapointe was reappointed to the Iowa Telecommunications and Technology Commission in May 2005. A 1987 graduate of University of Northern Iowa with a degree in history, Lapointe completed law school at The University of Iowa and in 1992 he returned to Mason City to practice law with his brother. They formed Lapointe & Lapointe Attorneys at Law, engaging in general practice.



Lapointe has been actively involved in local and state politics in his hometown of Mason City, is former chairman of the Cerro Gordo County Democrats, a Rotarian, and is a past president and vice-president of North Iowa AIDS Coalition. He has been a coach for Little League baseball, football and basketball for the last several years and is also currently a member of the Mason City Community Theatre Board.



David A. Vaudt, CPA

David Vaudt was elected Iowa's Auditor of State and began his four-year term in January 2003. As Iowa's State Auditor, Vaudt is mandated by Chapter 8D, Code of Iowa, to serve or assign a designee to the Iowa Telecommunications and Technology Commission (ITTC) as an ex-officio commission member. Following his graduation from Upper Iowa University in 1976, Vaudt joined the CPA firm of KPMG (formerly Peat, Marwick, Mitchell & Co.) in Des Moines. In 1988 he was elected to the partnership. He retired from the firm in 2001 to pursue public office.

Vaudt served as chairman of the Iowa Accountancy Examining Board from 1995-2002. He served ten years on the board of directors of the National Association of State Boards of Accountancy. He is a member of the American Institute of Certified Public Accountants and the Iowa Society of Certified Public Accountants. He serves as Board Member of the Better Business Bureau Foundation, Board Member of the Iowa Homeless Youth Center, and member of the Des Moines Rotary.



Financials

These numbers are provided for financial review purposes and are not to be construed as audited.

ICN has completed an audit of its financial statements for the fiscal year ended June 30, 2005.

If you are interested in receiving a copy of the report containing audited financial statements and footnotes, please contact the Finance Division Chief Financial Officer at (515) 725-4703 or (800) 645-8860.

Statement of Revenues, Expenses and Changes in Net Assets Year ended June 30, 2005

Operating revenues:	
Sales, rents and services	\$ 36,131,363
Operating expenses:	
Direct expenses	14,821,769
Depreciation expense	9,780,677
Other operating expenses	10,320,346
General and administrative expenses	8,056,280
Total operating expenses	<u>42,979,072</u>
Operating loss	<u>(6,847,709)</u>
Non-operating revenues (expenses):	
Non-capital appropriations from the State of Iowa	422,212
Investment income	509,022
Interest expense	(1,114,095)
Amortization expense	(145,681)
Other Expense	(444,883)
Net non-operating revenues	<u>(773,425)</u>
Loss before other revenues	<u>(7,621,134)</u>
Capital appropriations from the State of Iowa	11,415,000
Capital contributions	204,819
Total other revenues	<u>11,619,819</u>
Increase in net assets	3,998,685
Net assets beginning of year	<u>51,334,789</u>
Net assets end of year	<u>\$ 55,333,474</u>

Statement of Net Assets
June 30, 2005

Assets

Current assets:

Cash and cash equivalents	\$ 7,866,744
Accounts receivable, net	2,750,664
Due from other state agencies	3,231,434
Inventory	475,239
Total current assets	14,324,081

Noncurrent assets:

Capital assets, net	45,890,970
Prepaid expense	583,933
Total noncurrent assets	46,474,903

Total assets	60,798,984
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Liabilities

Current liabilities:

Accounts payable	2,921,123
Due to other state agencies	1,683,906
Deferred revenue	324,678
Compensated absences	535,804
Total current liabilities	5,465,511

Total liabilities	5,465,511
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Net Assets

Invested in capital assets, net of related debt	45,890,970
Unrestricted	9,442,503
Total net assets	\$ 55,333,473

Statement of Cash Flows - Year ended June 30, 2005

Cash flows from operating activities:	
Cash received from customers	\$ 33,742,522
Cash paid for goods and services	(22,186,801)
Cash paid for salaries and benefits	(7,586,376)
Net cash provided by operating activities	<u>3,969,345</u>
Cash flows from non-capital financing activities:	
State appropriations	<u>422,212</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(2,705,906)
Interest paid	(2,208,680)
Principal paid on capital debt	(36,334,815)
State appropriations	11,415,000
Capital contributions	204,819
Other	(153,887)
Net cash provided by capital and related financing activities	<u>(29,783,469)</u>
Cash flows from investing activities:	
Interest received on investments	<u>512,110</u>
Net increase in cash and cash equivalents	(24,879,802)
Cash and cash equivalents beginning of year	<u>32,746,546</u>
Cash and cash equivalents end of year	<u>\$ 7,866,744</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	<u>\$ (6,847,709)</u>
Adjustments to reconcile operating loss to net cash	
pr Depreciation expense	9,780,677
(Increase) in accounts receivable	810,727
(Increase) in due from other state agencies	(1,238,951)
Decrease in inventory	(1,219,600)
Decrease in prepaid expense	864,300
Decrease in other assets	89,664
Increase in accounts payable	69,710
Increase in due to other state agencies	52,494
(Decrease) in compensated absences	1,610,180
Total adjustments	<u>(2,147)</u>
Net cash provided by operating activities	<u>\$ 3,969,345</u>

Contact Us

Do you have a telecommunications-related need?

Do you have a story to share about how the ICN has benefited you or someone you know?

If so, please give us a call.

Our commitment to you is backed with live assistance every day, 24 hours a day.

Customer Service and Support

Available Monday through Friday, 8 a.m. to 4:30 p.m.

For requests for new service or questions about current services call 515-725-4633 or toll-free 877-426-4692:

- Video
- Phone/Voice
- Data
- Internet
- Mobile CART classroom
- Voice over IP
- Video over IP

Network Service Center

Available 24 hours a day, every day

For trouble calls on voice, video, data and Internet services call 515-323-4400 or toll free 800-572-3940



The Iowa Communications Network

P.O. Box 587

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515-725-IOWA

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Connecting Iowans to the World